



**OFFICE OF
INSURANCE COMMISSIONER**

In the Matter of

No. G 04-80

Federal Insurance Company
Pacific Indemnity Company
Great Northern Insurance
Company
Executive Risk Indemnity, Inc.
Vigilant Insurance Company
Northwestern Pacific Indemnity
Company

Authorized Insurers

FINDINGS, CONCLUSIONS, AND

ORDER ADOPTING REPORT

OF

MARKET CONDUCT EXAMINATION

BACKGROUND

An examination of the market conduct of **Federal Insurance Company, Pacific Indemnity Company, Great Northern Insurance Company, Executive Risk Indemnity, Inc., Vigilant Insurance Company, and Northwestern Pacific Indemnity Company** (the Companies) as of May 31, 2003, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies each hold a Washington Certificate of Authority as a Stock Insurer. They are domiciled in Indiana, Wisconsin, Minnesota, Delaware, New York, and Oregon, respectively. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Companies for comments on August 26, 2004. The Companies' response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Companies.

Subject to the right of the Companies to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 24 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Federal Insurance Company, Pacific Indemnity Company, Great Northern Insurance Company, Executive Risk Indemnity, Inc., Vigilant Insurance Company, and Northwestern Pacific Indemnity Company**, and to order the Companies to take the actions described in the Instructions and Recommendations sections of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are appropriate responses to the matters arising from RCWs and WACs found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

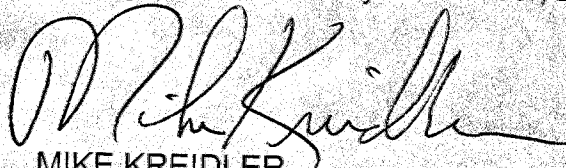
The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on page 19.

1. The Companies are ordered to comply with RCW 48.05.190(1) and ensure that the legal name of the company is clearly identified in correspondence. (Instruction 1, Report Page 8)
2. The Companies are ordered to comply with WAC 284-24-100 and fairly apply their schedule rating plans to every eligible policy. In addition, the Companies are instructed to identify all policies that were debited inappropriately and refund the overcharged premium. (Instruction 2, Report Page 10)
3. The Companies are ordered to comply with RCW 48.19.040(6) and follow their filed rules and rates when issuing a policy. (Instruction 3, Report Page 12)
4. It is ordered that the Companies consider conducting an annual audit targeting continued regulatory compliance. (Recommendation 1)

IT IS FURTHER ORDERED THAT, the Companies file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the

Company has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 28th day of October, 2004.

A handwritten signature in black ink, appearing to read "Mike Kreidler", written in a cursive style.

MIKE KREIDLER
Insurance Commissioner